(b) the limits upto which a firm can directly borrow from International agencies and whether the firms are free to pay back the loans directly to these agencies; and

(c) what are the reasons for this liberalization?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) The guiding principles of External Commercial Borrowings (ECBs) from recognised lenders are to keep borrowing maturities long, costs low and encourage infrastructure and export sector financing. Government's ECB policy is to provide flexibility to Indian borrowers while at the same time maintain prudent limits on total external borrowings. The ECB policy is periodically reviewed by the Government in the light of prudent management of external debt, changing market conditions, sectoral requirements etc.

In financial year 2002-03, Government relaxed ECB policy which, *inter-alia,* included expanding the automatic route for raising ECBs upto US $ 50 million during a financial year and permitting prepayment of ECBs without any limit.

Bankruptcy In States

1986. SHRI LAJPAT RAI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that a number of States such as Maharashtra, Andhra Pradesh, Kerala and Assam are actually going bankrupt;

(b) if so, what steps are being taken at the Centre/State levels for their revival;

(c) whether it is also a fact that Indian Airlines refused air tickets to some of the Chief Ministers of such States; and

(d) if so, what are the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Some States including Maharashtra, Kerala and Assam experience frequent cash imbalances due to mismatch in receipts and expenditure. The Union Government through a combination of feasible releases has

helped the States to overcome the cash imbalance from time to time on the requests from the States.

To supplement the efforts of the States towards fiscal consolidation, the Government of India has created the Fiscal Reform Facility 2000-01 to 2004-05.

Besides, Government of India has also put forward a proposal for "debt swap" to enable the States to retire high cost debts.

(c) According to information from the respective States, and Ministry of Civil Aviation, Indian Airlines have not refused air tickets to Chief Ministers of Maharashtra, Andhra Pradesh, Kerala and Assam during the current year.

(d) Does not arise.

Representation of Ayurvedic Drug Manufacturers Association

1987. SHRI MOOL CHAND MEENA:
SHRI SURESH PACHOURI:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Ayurvedic Drug Manufacturers Association has represented against excise duty on whole range of Asavs;

(b) if so, the magnitude of the excise duty imposed on Asavs;

(c) whether this has increased difficulties of the industry which is struggling to survive in a highly competitive market; and

(d) if so, the steps taken to provide relief to the industry?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) Ayurvedic Drug Manufacturers Association has *inter alia* sought exemption from central excise duty on certain Patent and Proprietary Ayurvedic medicines and not against Asavs specifically.

(b) Central excise duty of 16% is levied only on Patent and Proprietary Ayurvedic medicines.